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EXAMINER

HARLE, JENNIFER I

ART UNIT PAPER NUMBER

3627

DATE MAILED: 12/12/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application N .

09/603,677

Applicant(s)

MUELLER ET AL.

Examiner

Jennifer I. Harle

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 15 September 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-112 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-112 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 4,6,7,9.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

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DETAILED ACTION

Claims 1-112 were pending. Claims 1-112 were subject to a multiplicity requirement. Claims 1-9, 50-59, 70-47, 77 and 101 were selected for examination. Claims 10-49, 60-69, 75, 76, 78-100 and 102-112 were not selected.

Priority

Applicant's claim for domestic priority under 35 U.S.C. 119(e) is acknowledged. The Applicant has claimed priority for the present application as being a Continuation-in-Part to two separate application which contain a series of at least 30 prior applications, some of which appear to have little if any pertinence to the present invention. However, the prior applications upon which priority is claimed fails to provide adequate support under 35 U.S.C. 112 at least for claims 1, 3-5, 8-9, 55, 56, 72-74, 77 of this application. For example, the features supplemental product pool(s) and scoring of supplemental product(s) are not shown in the prior applications. The Examiner requests the Applicant identify where in the prior applications the features of the present invention are first disclosed. Since the prior applications also list different inventors than the present application (but with at least one common inventor), the examiner also requests the Applicant identify which inventor(s) contributed which features claimed in the present application that were also present in one or more prior application with different inventors.

Response to Arguments

Arguments Traversing the Multiplicity Rejection

Applicant argues that a rejection for undue multiplicity is only proper where the net effect is confusion as to the claimed invention and that the mere number of claims does not afford a basis for rejection under Section 112 or any other statutory provision. Applicant alleges that no

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showing has been made as to why the claims might be considered confusing or otherwise in violation of Section 112, second paragraph, further arguing that the examiners only presented statements as to the tedious nature of examining 42 independent claims and 70 dependent claims. Moreover, Applicant argues that no claims are duplicates and thus, the rejection should be withdrawn and all pending claims examined on the merits.

The examiner respectfully disagrees with Applicant's characterization that the only arguments presented are that the number of claims presented is tedious to examine. As previously set forth in the rejection, according to MPEP 2173.05(n), Applicant has presented an unreasonable number of claims in view of the nature and scope of Applicant's invention and the state of the art, a proper ground for a multiplicity rejection. The examiner set forth the nature and the state of the art, detailed in the 47 pages of the "Detailed Description" and 25 pages of "Claims," wherein 112 claims were pending or which there were 42 independent claims directed to substantially the same subject matter. The examiner described the scope and nature of the invention as conducting a transaction for upselling and not a complicated field and questioned the necessity for such a large number of overlapping and often redundant claims. The prior art is full of patents that demonstrate a reasonable number of claims for such art are approximately thirty and the Examiner therefore set the multiplicity rejection at thirty.¹ For example, the independent method claims 50 and 57 are substantially duplicative. The only difference is in the

¹ See e.g. U.S. Patent Nos. 6,601,036 B1 (26 claims directed toward offering a plurality of products by identifying products that are complementary); 6,484,147 B2 (27 claims directed toward facilitating merchant transactions including the purchase of additional merchandise from the merchant); 6,484,146 B2 (25 claims directed towards presenting customized special offers to customers); 6,397,193 B1 (25 claims directed toward upselling a product); 6,138,105 A (20 claims directed towards package offer redemption for the dynamic assembly of packages in retail environments, including complementary products); 6,134,548 A (17 claims directed towards advanced mobile bargain shopping, including alternative product identifiers); 5,940,807 A (17 claims directed toward collecting, processing and disseminating information regarding product and service availability including matching listings of

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qualification based upon the type of information received associated with the sale of a product and would have been received as part of claim 50 under any circumstance, i.e. a tender amount and a transaction total. Claims 56 and 59 are equivalent. Another example is the substantial duplication of claims 50/51 and 61/62. These claims clearly overlap in defining the offer amount. The effect is that when one reads these claims one is left confused as to the coverage, the over-lap in scope and the lack of material differentiation. Applicant has eight independent method claims, eight system claims, eight computer readable medium claim, five article of manufacture claims – which appears to be a computer readable medium claims, three article of manufacture claims – which is a computer readable medium; six apparatus claims in means plus function language – which could be system claims or article of manufacture claims depending upon how the means plus function is construed, and three data processing methods. Due to the types of claims, the claim construction (including means plus function) and clauses utilized there is a significant amount of overlap and repetition. Applicant has not rebutted nor clarified any of the examiner's arguments about the duplicative nature of the claims, the nature of the art nor the scope of the subject matter. Applicant has merely made a bald assertion about the number of claims not affording a basis for the rejection. Thus, Applicant's arguments are not persuasive and the multiplicity rejection is maintained. Claims 1-9, 50-59, 70-47, 77 and 101, which were selected for examination, will be examined. Claims 10-49, 60-69, 75, 76, 78-100 and 102-112, which were not selected, are withdrawn from examination.

products and services that satisfy buyers searches. The examiner notes that several of these patents are Applicant's own Patents directed to similar subject matter.

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Rejections Under 35 U.S.C. § 112, second paragraph

In light of Applicant's arguments, the rejections of claims 9-11, 12, 28, 34-36 and 39 are withdrawn. While the examiner feels a certain amount of ambiguity exists in the claim language, it does not rise to meet the criteria of omitting an essential step as set forth in the MPEP 2172.01, as the Applicant has not set forth the criticality of the elements in the specification.

In light of Applicant's amendment to claim 64, the rejection is withdrawn.

Claim Rejections – 35 USC § 101***Section 101 Rejections – Directed to a Human Being***

These claims, 29-30 and 32-33, are no longer being examined, as they were not elected under the multiplicity rejection and thus, any arguments directed to them are moot.

Assuming arguendo, that the claims are not moot, Applicant argues that these claims merely are directed to actions which may be performed, in part by a person and do not encompass a human being, even in their broadest interpretation. However, in the broadest reasonable interpretation of the claim, a human being is being claimed because the limitation clearly states that the action is conducted by at least one of the following: "a cashier." The group includes a human being. Whether or not they are performing an action, the human being is being claimed. The same argument is true for "the user." Thus, the rejection of claims 29-30 and 32-33 is maintained.

Section 101 Rejections – Directed to Non-Statutory Subject Matter

Claims 1-76 and 109-112 were rejected under 35 USC § 101 as directed to non-statutory subject matter. It is noted that of these claims only claims 1-9, 50-59, and 70-74 are still at issue, as these are the claims selected under the multiplicity rejection.

Assuming, arguendo, that the remaining claims are not moot, the arguments directed to claims 1-9, 50-59, and 70-74 are applicable to them as well. Applicant's only argument with regard to the rejection of the claims as directed to non-statutory subject matter is that the analysis and application under 35 USC §101 is incorrect and clarification is sought. The examiner notes that no amendments have been made to the claims in response to this rejection.

The rejection is maintained because it is a proper interpretation of 35 USC §101 in light of the case law, as the established by the analysis set forth below.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas".

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See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

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The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Applicant's quotation of *Alco Standard Corp. v. Tennessee Valley Authority*, 808 f.2d 1490, 1496, 1 USPQ2d 1337, 1341 (Fed. Cir. 1986) ("The inclusion in a patent of a claim to a process that may be performed by a person, but that is also capable of being performed by a

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machine, is not fatal to patentability. The presence of the steps of correlating and combining, which a machine is capable of doing, does not invalidate a patent.”) is misleading. In *Alco Standard*, the claims all included the technological arts, i.e. a probe that is inserted into the bore of a turbine motor containing at least two ultrasonic sources (called "transducers") that simultaneously can send ultrasonic signals into the rotor, where any signals sent into the rotor that are reflected back to the probe are picked up by an ultrasonic pickup and recorded in such a manner that the "existence, position, nature, size and shape of the flaws in the rotor" can be determined. *Alco Standard* at 1339. The method claims generally describe a method for determining flaws within turbine rotors that utilizes the device described in the apparatus claims. Id. Any mental processes discussed are encompassed within the breadth of these claims in the technological arts.

Applicant's quotation of *Musco Corp. v. Qualite, Inc., Civ. Application*, 106, F.3d 427, 1997 WL 16031 (Fed. Cir. 1997), (per curiam) (unpublished), cert. Denied, 118 S. Ct. 60 (1997) is equally misleading. The claim that the Court directed its comments towards contained subject matter within the technological arts, specifically lighting being produced by one or more lamps mounted in reflector, comprising luminaire assembly units, determining the light producing characteristics of each luminaire assembly unit, producing wide scale composite lighting while at the same time controlling, diminishing, or eliminating selected wide scale lighting problems by selectively utilizing one or more light controlling steps comprising: shielding a portion of the lamp; positioning a reflector extension member on the reflector; and altering the reflecting properties of the interior reflecting surface of the reflector.

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Applicant's invention does not apply, involve, use, or advance the technological arts as previously set forth by the examiner, in Paper No. 7. Thus, for the reasons set forth above, the rejection of claims 1-9, 50-59, and 70-74 still at issue, and even claims 1-76 and 109-112 is maintained.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim 9 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Applicant utilized the word filter in lines 3 and 4. It is unclear from the specification how a filter differs from a rule. See pp. 36-37, lines 27-20. Both can be used to prevent offers that have previously been offered to a particular user or customer from being made again to the particular user or customer. Additionally, elimination rules are broadly defined to used to eliminate certain products or product categories from further consideration. The same thing that a filter does. Additionally rules generally are utilized to determine possible replacement products according to one or more terms or conditions, e.g. minimum retail price minimum profit margin. Pg. 28, lines 7-11. Additionally, the specification teaches that rules may change during operation of the method, as information about users, user preferences, user purchasing history, product inventory levels, product popularity or market acceptance, product costs or profit margins, etc. are received or determined. Pg. 11, lines 26-30. This is like a filter, which may be based on delivery costs, current service times for products, offer relevancy, time to prepare a

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product for sale or other factors. Pg. 37, lines 4-6. Thus, the examiner interprets the use of a rule to be equivalent to the use of a filter.

Claim 55 recites the limitation "said selecting ..." in lines 1-2. There is insufficient antecedent basis for this limitation in the claim. There is no selection step in claim 50. The examiner is interpreting this phrase to be based upon "identifying" for examination purposes.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-4, 6-7, 50, 52, 55-57, 59, 70-74 are rejected under 35 U.S.C. 102(b) as being anticipated by Jeff Glickman, 10 Infomercial Facts you need to know (Supplement: The Infomercial Special Sourcebook Issue), Adweek Eastern Edition, vol. 34, No. 10, March 8, 1993, pg 28(5).

As per claim 1 Glickman teaches a method for conducting a transaction (the primary aim of any infomercial that is the selling of a product), comprising:

Receiving information for a transaction (the primary aim of any infomercial that is selling a product is to obtain credit card orders, i.e. receiving information for a transaction);

Determining a pool of at least one possible supplemental product (inbound callers present an excellent opportunity to offer additional products while they call in for your primary

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television offer – this offer of additional products or services is called an upsell, i.e. at least one product forms the pool);

Scoring at least one supplemental product in said pool (Glickman teaches that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ...(Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule 5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products in a group or as phrased by Applicant a pool, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.);

Selecting at least one supplemental product from said pool for said transaction (with multiple upsells, i.e. a plurality of supplemental products, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer, i.e. they are scored by relevance (Rule 9)); and

Providing an indication of said at least one supplemental product selected from said pool (with multiple upsells, i.e. a plurality of supplemental products, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer, i.e. they are scored by relevance (Rule 9)).

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As per claim 2, Glickman teaches selecting at least one supplemental product from a plurality of possible supplemental products (with multiple upsells, i.e. a plurality of supplemental products, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer, i.e. they are scored by relevance (Rule 9)).

As per claim 3, Glickman teaches scoring each supplemental product in said plurality of supplemental products (with multiple upsells, i.e. a plurality of supplemental products, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer, i.e. they are scored by relevance (Rule 9)).

As per claim 4, Glickman teaches that the scoring uses at least one of the following:

Scoring based on popularity of one or more products for a group of one or more users;

Scoring based on discount; and

Composite scoring.

Glickman teaches that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ... (Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule 5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring

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based on popularity of one or more products, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.

As per claim 6, Glickman teaches selecting a supplementary product comprises choosing at least one of the following:

An additional supplemental product (Inbound callers present an excellent opportunity to offer additional products while they call in for your primary television offer);

A replacement product; and

An upgrade supplemental product (upsells for related products, i.e. deluxe ...).

As per claim 7, Glickman teaches providing at least one supplemental product (never give shipping and handling free on an upsell when you can reduce the offer price the same amount (Rule 8), the initial package must deliver the promise made on the initial show, with such factors as ... timely delivery); and

Arranging for said at least one supplemental product to be provided (never give shipping and handling free on an upsell when you can reduce the offer price the same amount (Rule 8), the initial package must deliver the promise made on the initial show, with such factors as ... timely delivery).

As per claim 50, Glickman teaches a method for conducting a transaction (the primary aim of any infomercial that is selling a product is to obtain credit card orders), comprising:

Receiving information associated with the sale of a product (the primary aim of any infomercial that is selling a product is to obtain credit card orders, i.e. receiving information associated with the sale of a product; teaches continuity and the factors related to the customer

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re-order performance which would require receiving information associated with the sale of the product);

Identifying a supplemental product based at least in part on said product (the number of people accepting the upsell is a function of many factors including the degree of similarity of the upsell product category to the front-end offer; the closer the product is to the original offer, such as a deluxe or complementary upsell, the higher the conversion (Rule 2), the greater the difference between product offered as an upsell and the original offer, the lower the conversion (Rule 5), with multiple upsells, always upsell the most related product first, then go to the least related – conversions always decrease with each sequential upsell offer (Rule 9);

Determining an offer amount for said supplemental product (Rule 4 and Note discussing percentage of upsells for related products teaches the percentages for determining an offer amount depending upon the product);

Providing an indication of an offer to sell said supplemental product at said offer amount (never give shipping and handling free on an upsell when you can reduce the offer price the same amount, i.e. provide an indication of an offer to sell said supplemental offer at said offer amount; additionally teaches conversion rates for upsells which would necessarily require providing an offer to sell supplemental products at an offer amount); and

Receiving an indication of an acceptance to purchase said supplemental product at said offer amount (teaches that the rates of conversion range from 25-40% for the First Product and decrease from there, i.e. an indication of acceptance to purchase supplemental products at said offer amounts).

As per claim 52, Glickman teaches identifying a supplemental product includes determining at least one product category involved in the transaction (The number of people accepting the upsell is a function of many factors including the degree of similarity of the upsell product category to the front-end offer; if upsells are of different product category, results will be lower than simple 'accessory' or unit upsells).

As per claim 55, Glickman teaches selecting a supplemental product by determining a pool of at least one possible supplemental product (with multiple upsells, i.e. a plurality of supplemental products, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer, i.e. they are scored by relevance (Rule 9)).

As per claim 56, Glickman teaches scoring at least one possible supplemental product (Glickman teaches that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ... (Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule 5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.).

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As per claim 57, Glickman teaches a method for conducting a transaction (the primary aim of any infomercial that is the selling of a product), comprising:

Receiving information for a transaction, said information including a tender amount and a transaction total (the primary aim of any infomercial that is selling a product is to obtain credit card orders, i.e. receiving information for a transaction, inbound callers present an excellent opportunity to offer additional products while they call in for your primary television offer, i.e. an upsell, price of upsells compared to front-end offer, i.e. tender amount – the front-end offer + price of upsells = transaction total);

Identifying a supplemental product based at least in part on said product (the number of people accepting the upsell is a function of many factors including the degree of similarity of the upsell product category to the front-end offer; the closer the product is to the original offer, such as a deluxe or complementary upsell, the higher the conversion (Rule 2), the greater the difference between product offered as an upsell and the original offer, the lower the conversion (Rule 5), with multiple upsells, always upsell the most related product first, then go to the least related – conversions always decrease with each sequential upsell offer (Rule 9);

Providing an indication of an offer to sell said supplemental product at said offer amount (never give shipping and handling free on an upsell when you can reduce the offer price the same amount, i.e. provide an indication of an offer to sell said supplemental offer at said offer amount; additionally teaches conversion rates for upsells, which would necessarily require providing an offer to sell supplemental products at an offer amount); and

Receiving an indication of an acceptance to purchase said supplemental product at said offer amount (teaches that the rates of conversion range from 25-40% for the First Product and

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decrease from there, i.e. an indication of acceptance to purchase supplemental products at said offer amounts).

As per claim 59, Glickman teaches scoring at least one possible supplemental product (Glickman teaches that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ... (Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule 5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.).

As per claim 70, Glickman teaches a method for conducting a transaction (the primary aim of any infomercial that is the selling of a product), comprising:

Processing a sale of a product (the primary aim of any infomercial that is the selling of a product is to obtain credit card purchases, i.e. processing the sale of the product);

Receiving a tender amount for said product (the primary aim of any infomercial that is selling a product is to obtain credit card orders, i.e. receiving information for a transaction, inbound callers present an excellent opportunity to offer additional products while they call in for

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your primary television offer, i.e. an upsell, price of upsells compared to front-end offer, i.e. tender amount – the front-end offer + price of upsells = transaction total);

Selecting a supplemental product based at least in part on said product and said tender amount (The number of people accepting the upsell is a function of many factors, including the price of upsells compared to the front-end offer, i.e. tender amount, the degree of similarity to the front-end offer, The following 10 rules are good guidelines in the design of Inbound Upsells, the closer the product is to the original offer, such as a deluxe or complementary upsell, the higher the conversion (Rule 2), the lower the upsell as a percentage of the front-end price point, the higher the upsell conversion rate (Rule 4)); and

Providing an indication of an offer to sell said supplemental product at an offer amount (never give shipping and handling free on an upsell when you can reduce the offer price the same amount, i.e. provide an indication of an offer to sell said supplemental offer at said offer amount; additionally teaches conversion rates for upsells which would necessarily require providing an offer to sell supplemental products at an offer amount).

As per claim 71, Glickman teaches that the offer amount is based on at least one of:

A cost for said at least one supplemental product; and

A fixed amount

(The number of people accepting the upsell is a function of many factors, including the price of upsells compared to the front-end offer, i.e. tender amount, the incentive and or perceived discount given with the upsell, The following 10 rules are good guidelines in the design of Inbound Upsells, the conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher

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the upsell conversion rate (Rule 4), i.e. cost for supplemental product, which according to the formula can also be a fixed amount).

As per claim 72, Glickman teaches selecting a supplemental product including associating a score with said supplemental product (Glickman teaches that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ...(Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule 5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.).

As per claim 73, Glickman teaches establishing a pool of at least one possible supplemental product (Glickman teaches inbound callers present an excellent opportunity to offer additional products while they call in for your primary television offer – this offer of additional products or services is called an upsell, i.e. at least one product forms the pool, that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher

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the conversion rate ...(Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products in a group or as phrased by Applicant a pool, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.).

As per claim 74, Glickman teaches scoring at least one possible supplemental product (Glickman teaches inbound callers present an excellent opportunity to offer additional products while they call in for your primary television offer – this offer of additional products or services is called an upsell, i.e. at least one product forms the pool, that the number of people accepting the upsell is a function of many factors including price of upsells compared to the front-end offer, conversion rate increases with higher upsell discounts and better incentives (Rule 3), the lower the upsell as a percentage of the front-end price point, the higher the conversion rate ...(Rule 4), the greater the difference between the product offered as an upsell and the original offer, the lower the conversion rate (Rule5), with multiple upsells, always sell the most related product first, then go to the least related as conversions always decrease with each sequential upsell offer (Rule 9). Note the percentage of upsells for related products, i.e. deluxe or complimentary products, at discount of 25% to 50%, will produce conversions as high as 50% or more. Thus, Glickman teaches scoring based on popularity of one or more products in a group

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or as phrased by Applicant a pool, i.e. the results of the preference for related products, discounts and composite scoring, utilizing the rules to produce maximum conversions.).

Claims 1-4, 6-7, 9, 50, 56-59, 70-74, 77, and 101 are rejected under 35 U.S.C. 102(e) as being anticipated by Katz, et al. (2003/0130904 A1).

As per claim 1-4, 6-7, 9, Katz, et al. teaches a method for conducting a transaction (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035]), comprising:

Receiving information for a transaction (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035]);

Determining a pool² of at least one possible supplemental product (identify one or more goods or services for possible proffer and upsell to the customer based at least in part upon the primary transaction data information provided to the system, i.e. pool, [0034]);

Scoring³ at least one supplemental product in said pool (offer the user of customer one or more items determine to be among the optimum upsells, i.e. in order to determine what the optimum upsells are at a minimum some form of evaluating/measuring/appraising, etc. must occur [0034], determine the upsell or intelligent product selection, i.e. again to be an intelligent product selection must do some form of appraising/evaluating/accessing/comparing, etc. [0036],

² Applicant defines pool as potential products that may be offered during a given transaction. Specification pg. 16, lines 21-23.

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upsells include inventory data which serves to minimize or preclude offering of goods or services which are not then available, or which will not be available in a timely manner and is then deleted from possible proffers, i.e. accessing [0041], theme sales may be utilized such as where further goods are required to complete a set, i.e. measuring [0043], knowledge of a user's possession, such as based upon a prior purchase, for example a computer sales entity knows that a customer owns a particular model of computer, that information may be utilized in the selection of the proffer, i.e. evaluating/ appraising/accessing [0044]);

Selecting at least one supplemental product from said pool for said transaction (offering the item to the prospective customer [0035]); and

Providing an indication of said at least one supplemental product selected from said pool (Fig. 6 – Presentation (354) and Response – Consummate Transaction (356); [0113]-[0114]).

As per claim 2, Katz teaches selecting at least one supplemental product from a plurality of possible supplemental products (Identification of the upsell product or offer is divided into aspects of identification and obtaining inputs, the upsell determination the output offer subsequent offer from databases, i.e. a plurality of supplemental products would inherently be available and the correlation unit would select one as there is the possibility for multiple upsells, as well [0100]-[0101]. Multiple upsell items may be utilized, where the telemarketer may have displayed to them multiple options, either for selection by the telemarketer, or for sequential presentation to the caller, [0111]).

As per claim 3, Katz teaches scoring each supplemental product in said plurality of supplemental products (As scoring is defined so broadly and does not have to specifically be a

³ Applicant defines scoring as any kind of rating, ordering measuring, testing, appraising, accessing, evaluating,

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rating or ordering and could merely be an accessing, the providing of multiple upsells meets this limitation because they have already been scored in according to some of the criteria and they are provided sequentially to the caller or on-screen, i.e. some kind of an order [0111]).

As per claim 4, Katz teaches that the scoring uses at least one of the following:

Scoring based on preparation time of one or more products (precluding offering of products based upon inventory data because the product will not be available in a timely manner [0041]);

Scoring based on inventory level of one or more products ([0041]);

Scoring based on popularity of one or more products for a group of one or more users (identifying the potential proffer includes keying the proffer to what has effectively resulted in sales or successful transactions in the past based upon demographic profile [0043]);

Scoring based on popularity of one or more products for a specific user ([0042], [0044], [0107]); and

Composite scoring (Fig. 7; [0039]-[0046]).

As per claim 6, Katz teaches selecting a supplementary product comprises choosing at least one of the following:

An additional supplemental product (Prior purchases may indicate areas of interest, suggesting the offer of further goods within that are of general interest, [0107]);

A replacement product (a new product in replacement thereof [0087]); and

An upgrade supplemental product (For example, where a computer sales entity possesses the knowledge that the customer owns a particular model of computer, that information may be

comparing, contrasting, etc. that may be used to evaluate and choose the supplemental products for a transaction.

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utilized in the selection of a proffer, such as in the offer of increased computer memory, a new version of a software application or the like, i.e. an upgrade to an existing product, still a supplemental product upgrade. [0044]).

As per claim 7, Katz teaches at least one of the following:

providing at least one supplemental product (Fig. 7- Offer Upsell (260), Purchase (262), Confirm & Send to Order Fulfillment (264)); and

Arranging for said at least one supplemental product to be provided (Fig. 7 - Confirm & Send to Order Fulfillment (264)).

As per claim 9, Katz teaches at least one of the following:

Establishing at least one filter⁴ for said pool (optional inventory checks may performed and then utilized to determine if the potential upsell item is available [0116], employs negative rules to determine the at least one second item for offer, i.e. a filter (claim 1)); and

Applying at least one filter to said pool (optional inventory checks may performed and then utilized to determine if the potential upsell item is available [0116], employs negative rules to determine the at least one second item for offer, i.e. a filter (claim 1) and claim 2).

As per claim 50, Katz teaches a method for conducting a transaction (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035]), comprising:

Specification, lines 10-17.

⁴ Filtering is eliminating one or more potential supplemental products from further consideration based on certain criteria, i.e. eliminate products that have been accepted by a user in the past as a supplemental product, act to ensure that no disadvantageous products have been accepted by a user in the past as a supplemental product. In point of fact there is no difference from a filter and an applied rule. In fact, claim 2 of Katz is a negative rule that excludes

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Receiving information for a transaction (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035]);

Identifying a supplemental product based at least in part on said product ((Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035], the may be offer in response a sales transaction for a new product which includes functionalities of the product which formed the basis for the primary transaction [0037]);

Determining an offer amount for said supplemental product (Fig. 6 - Product Selection/Upsell Determination (340); Fig. 7 – Potential Upsell Available? (258), the secondary transaction may relate to the offer of a good or a service, having a variable or designated value for the purchase, lease or acquisition in the future of a good or a service, preferably there is a real time offer during a real time transaction, including an indication provided to an order fulfillment unit and attendant units such as the billing unit an shipping/tracking unit [0083], once the upsell has been determined [0116] – thus an offer amount is determined);

Providing an indication of an offer to sell said supplemental product at said offer amount (Fig. 6 – Presentation (354), Fig. 7 – Offer Upsell (260), the secondary transaction may relate to the offer of a good or a service, having a variable or designated value for the purchase, lease or acquisition in the future of a good or a service, preferably there is a real time offer during a real

an item for offer that was previously purchased by the user. The filter disclosed in the Application eliminates

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time transaction, including an indication provided to an order fulfillment unit and attendant units such as the billing unit an shipping/tracking unit [0083], once the upsell has been determined, the upsell may be offered ins step 260 [0116]);

Receiving an indication of an acceptance to purchase said supplemental product at said offer amount (Fig.6 – Response – Consummate Transaction (356), Fig. 7 – Purchase (262), Confirm & Send to Order Fulfillment (264), the secondary transaction may relate to the offer of a good or a service, having a variable or designated value for the purchase, lease or acquisition in the future of a good or a service, preferably there is a real time offer during a real time transaction, including an indication provided to an order fulfillment unit and attendant units such as the billing unit an shipping/tracking unit [0083], which if purchased at step 262 may then be confirmed and sent to order fulfillment step 264 [0116]).

As per claim 55, Katz teaches that the selecting includes determining a pool of at least one possible supplemental product (identify one or more goods or services for possible proffer and upsell to the customer based at least in part upon the primary transaction data information provided to the system, i.e. pool, [0034]).

As per claim 56, Katz teaches scoring at lest one possible supplemental product offer (the user of customer one or more items determine to be among the optimum upsells, i.e. in order to determine what the optimum upsells are at a minimum some form of evaluating/measuring/appraising, etc. must occur [0034], determine the upsell or intelligent product selection, i.e. again to be an intelligent product selection must do some form of appraising/evaluating/accessing/comparing, etc. [0036], upsells include inventory data which

products that have been accepted by a user in the past. They are equivalent.

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serves to minimize or preclude offering of goods or services which are not then available, or which will not be available in a timely manner and is then deleted from possible proffers, i.e. accessing [0041], theme sales may be utilized such as where further goods are required to complete a set, i.e. measuring [0043], knowledge of a user's possession, such as based upon a prior purchase, for example a computer sales entity knows that a customer owns a particular model of computer, that information may be utilized in the selection of the proffer, i.e. evaluating/appraising/accessing [0044]).

As per claim 57, Katz teaches a method for conducting a transaction (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035]), comprising:

Receiving information for a transaction, said information including a tender amount and a transaction total (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system, the tender amount is the offer amount of the primary transaction, the transaction total is the total purchase, including the upsell if purchased [0034]-[0035]);

Identifying a supplemental product based at least in part on said product (Fig. 6; the system and method obtain input information for the system from a primary transaction, i.e. offers of an item constituting a good or service in the form of an offer for purchase of the item to potential customers as users of the system [0034]-[0035], the may be offer in response a sales

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transaction for a new product which includes functionalities of the product which formed the basis for the primary transaction [0037]);

Providing an indication of an offer to sell said supplemental product at said offer amount (Fig. 6 – Presentation (354), Fig. 7 – Offer Upsell (260), the secondary transaction may relate to the offer of a good or a service, having a variable or designated value for the purchase, lease or acquisition in the future of a good or a service, preferably there is a real time offer during a real time transaction, including an indication provided to an order fulfillment unit and attendant units such as the billing unit an shipping/tracking unit [0083], once the upsell has been determined, the upsell may be offered ins step 260 [0116]);

Receiving an indication of an acceptance to purchase said supplemental product at said offer amount (Fig.6 – Response – Consummate Transaction (356), Fig. 7 – Purchase (262), Confirm & Send to Order Fulfillment (264), the secondary transaction may relate to the offer of a good or a service, having a variable or designated value for the purchase, lease or acquisition in the future of a good or a service, preferably there is a real time offer during a real time transaction, including an indication provided to an order fulfillment unit and attendant units such as the billing unit an shipping/tracking unit [0083], which if purchased at step 262 may then be confirmed and sent to order fulfillment step 264 [0116]).

As per claim 58, Katz teaches the offer amount comprises a difference between said tender amount and said transaction total (if the primary transaction is a purchase transaction, the credit verification may be obtained for the primary transaction, and then obtain either a specific credit authorization for am amount equal to the expected upsell, or obtain an indication of the

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amount of available credit – if the amount of available credit is provided, that will provide an indication of the preferably upper bound on the cost of the upsell offer [0102]).

As per claim 59, Katz teaches scoring at least one possible supplemental product offer (the user of customer one or more items determine to be among the optimum upsells, i.e. in order to determine what the optimum upsells are at a minimum some form of evaluating/measuring/appraising, etc. must occur [0034], determine the upsell or intelligent product selection, i.e. again to be an intelligent product selection must do some form of appraising/evaluating/accessing/comparing, etc. [0036], upsells include inventory data which serves to minimize or preclude offering of goods or services which are not then available, or which will not be available in a timely manner and is then deleted from possible proffers, i.e. accessing [0041], theme sales may be utilized such as where further goods are required to complete a set, i.e. measuring [0043], knowledge of a user's possession, such as based upon a prior purchase, for example a computer sales entity knows that a customer owns a particular model of computer, that information may be utilized in the selection of the proffer, i.e. evaluating/appraising/accessing [0044]).

Claim 70 is rejected for the same reasons set forth in claims 50, 57 and 58, if the offer for the supplemental amount comprises a difference between said tender amount and said transaction total, then selection of the supplemental product is based at least in part on said product and said tender amount.

Claim 71 is rejected for the same reasons as claim 58.

Claim 72 is rejected for the same reasons as claim 1.

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Claim 73 is rejected for the same reasons as claim 1. Determining a pool is the same as establishing a pool.

Claim 74 is rejected for the same reasons as claim 1.

The system claim is rejected for the same reasons as claim 1. Katz teaches that his system operates in either the telemarketing or web environment and thus would have a memory, communication port and processor connected to said memory and said communication port, said processor being operative to conduct the transaction steps. (Abstract; Figs. 2, 3, 5, 8 and 9; [0069]-[0080], [0082], [0088]-[0089], [0119]).

Claim 101 is rejected for the same reasons as claim 70. Katz teaches that his system operates in either the telemarketing or web environment and thus would have a memory, communication port and processor connected to said memory and said communication port, said processor being operative to conduct the transaction steps. (Abstract; Figs. 2, 3, 5, 8 and 9; [0069]-[0080], [0082], [0088]-[0089], [0119]).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 5, 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jeff Glickman, 10 Infomercial Facts you need to know (Supplement: The Infomercial Special Sourcebook Issue), Adweek Eastern Edition, vol. 34, No. 10, March 8, 1993, pg 28(5).

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As per claims 5 and 8, Glickman does not specifically teach establishing at least one predetermined scoring threshold/selecting one supplemental product that has a score that at least equals a predetermined threshold. However, Glickman does teach that upsells for related products, i.e. supplemental products, will produce a conversion as high as 50%, i.e. sale, at a discount of 25%-50%. Note that this high of a conversion implies that if you are upselling a related product you want to have a predetermined threshold for a discount of at least 25% in order to maximize the conversion without any market testing. It would have been obvious to a person of ordinary skill in the art at the time the invention was made to modify the method of offering supplemental products as taught by Glickman to include one supplemental product that has a score at least equal to a predetermined threshold/establishing at least one predetermined scoring threshold because Glickman, himself teaches that conversion rate increases to as high as 50% as the discount rate reaches 25%-50% and can go higher. Steps to increase the sale of a supplemental product, i.e. increase the revenue stream, and represent an obvious modification to the prior process taught by Glickman.

Claims 77 and 101 are rejected under 35 U.S.C. 103(a) as being unpatentable over Glickman, 10 Infomercial Facts you need to know (Supplement: The Infomercial Special Sourcebook Issue), Adweek Eastern Edition, vol. 34, No. 10, March 8, 1993, pg 28(5) as applied to claims 1 and 70 above, and further in view of Katz, et al. (2003/0130904 A1).

Glickman teaches the methods, i.e. the steps the processor is being operative to perform, as set forth above. However, Glickman does not specifically teach that it is performed on a system that comprises a memory, communications port and a processor connected to the memory and communications port. However, Glickman does teach that the method steps can be

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performed in an infomercial environment where telemarketers are involved. Katz teaches a method and apparatus for intelligent selection of goods and services in telephonic and electronic commerce, including upsells, where the apparatus includes a memory, communications port and a processor connected to the memory and communications port for carrying out the method steps (Abstract; Figs. 2, 3, 5, 8 and 9; [0069]-[0080], [0082], [0088]-[0089], [0119]). Katz further teaches the method steps as set forth above in claims 1 and 70. Additionally, Katz teaches that the best time to offer incentives or alternatives for purchases is when the customer has already manifested a desire or interest or purchase and that despite the efforts made over a significant period, an effective and useful system for the intelligent, automated provision of goods and services in the telephonic and electronic commerce areas it needed, particularly in real time ([0033]). Thus, it would have been obvious to one of ordinary skill in the art to have included the automation of the system in Glickman as taught in Katz for the explicit reasons set forth above, as optimizing purchase of the upsell, supplemental product, increases revenue stream and profits for the merchant and can create return business as taught in Glickman.

Claim 51 is rejected under 35 U.S.C. 103(a) as being unpatentable over Glickman and/or Katz as applied to claim 50 above, and further in view of the Myhre Affidavit and/or Fiorni, No Place for Penny?/Smallest Count Doesn't Make Cents to Some, USA Today, July 29, 1994, Section: News:, Pg. 1A.

As per claim 51, neither Glickman nor Katz teaches that the offer amount is based, at least in part, on at least one of an amount of change due or a round-up amount. Myhre's Affidavit teaches the use of an offer amount for a supplemental product based at least in part on the change due. Fiorni teaches that there is a growing aversion by retailers and consumers who'd

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rather not bother with pennies and some countries have done away with their smallest coin because it costs more to make than it was worth. Thus, it would have been obvious to one of ordinary skill in the art at the time of the invention to have based an offer amount at least in part on the amount of change due or a round-up amount in the method of Glickman or Katz as taught by Myhre or Fiorni because change due or a round-up amount can be more costly than incorporating them into the offer amount as suggested by Fiorni, and by basing the offer amount of the change due, you can impact upon inventory levels as suggested in Myhre and do away with extra inventory.

Claim 53 is rejected under 35 U.S.C. 103(a) as being unpatentable over Glickman and/or Katz as applied to claim 50 above, and further in view of Lerner (5,526,257) and/or Mold (5,978,772).

Glickman and/or Katz teach as set forth above. However, neither explicitly teaches that the identification includes creating a product group involved in the transaction. Lerner teaches the utilization of the category of the product (group), the class of the product (category), etc. involved in a transaction to evaluate the successfulness of an article, such as jewelry (Fig. 12a, 12b; col. 1, lines 8-14). Additionally, Lerner teaches that most businesses recognize the clear advantages of providing customers the ability to purchase products on an impulsive basis and that utilizing the particular relationships that exist between successful articles will permit extrapolation of which combinations of articles might be sold together (Abstract; col. 1, lines 8-14, lines 29-30, col. 3, lines 2-7 and 61-64). Moreover, the examiner notes that it is well known in the art to divide products into product groups, sub-groups, etc. or whatever you want to label the divisions for a plethora of purposes, including databases storage/querying/retrieval, filtering,

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identification, ease of use of the system/method for a merchant/consumer, etc. and that this has been done by in the retail environment for a long period of time.⁵ Examples of this include the fast food (menus, sandwiches, beverages, etc.), grocery (dairy, cheeses, frozen foods, meals, desserts) and department store models (clothing, men's, women's, children's, home furnishings, linens, china). Thus, it would have been obvious to one of ordinary skill in the art to have included product groups in the indicating step of Glickman and/or Katz as taught by Lerner or as well known in the art for the reasons set forth in Lerner or to optimize the identification step and facilitate the use of the system.

As per claim 54, Glickman teaches identifying a supplemental product includes determining at least one complementary product category involved in the transaction (The number of people accepting the upsell is a function of many factors including the degree of similarity, i.e. complementary, of the upsell product category to the front-end offer; if upsells are of different product category, results will be lower than simple 'accessory' or unit upsells).

Double Patenting

In light of the Examiner's comments above, the examiner reserves the right to reject the claims under non-obvious double patenting. Several of the issued patents and pending applications have claims directed toward upsells/complimentary products. Upon a reply to the examiner's rejection to priority above, and clarification by applicant, the appropriate double patenting rejections will be made of record.

⁵ See, e.g. Patent Nos. US 2003/0156185 [0043]; 2003/0120579 [0048]-[0050], [0055]-0056], [0058], [0060] [0062], [0065]-[0066], [0076], [0079]-[0082]; 2003/0037041 [0388]-[0389]; 6,571,279 B1 col. 23, lines 15-23; 6,515,680 B1 cols. 7-8, lines 64-23; 6,484,158 B1 col. 14, lines 39-46 and col. 15, lines 6-13; 6,484,149 B1 col. 3, lines 21-43, col. 9, lines 9-31, col. 42, lines 1-9, col. 44, lines 1036; 6,463,585 B1 cols. 10-11, lines 61-25, cols. 28-29, lines 52-43, col. 38, lines 42-59; 6,253,188 B1 col. 18, lines 21-31; and 6,029,136 col. 6, lines 23-31, cols. 6-7, lines 58-20.

Conclusion

In accordance with the USPTO's goals of customer service, compact prosecution, and reduction of cycle time, and because "the continual, chief complaint of inventors and their lawyers: that patent examiners are abysmal communicators, both orally and in writing,"⁶ the Examiner has made every effort to clarify his position regarding claim interpretation and any rejections or objections in this application. Furthermore, the Examiner has provided Applicant(s) with notice—for due process purposes—of his position regarding his factual determinations and legal conclusions. If Applicant(s) disagree with *any* factual determination or legal conclusion made by the Examiner in this Office Action whether expressly stated or implied,⁷ the Examiner respectfully requests Applicant(s) *in their next response* to expressly traverse the Examiner's position and provide appropriate arguments in support thereof. Failure by Applicant(s) *in their next response* to traverse the Examiner's positions and provide appropriate arguments in support thereof will be considered an admission by Applicant(s) of the factual determinations and legal conclusion not expressly traversed.⁸ By addressing these issues now, matters where the Examiner and Applicant(s) agree can be eliminated allowing the Examiner and Applicant(s) to focus on areas of disagreement (if any) with the goal towards allowance in the shortest possible time.

⁶ Sabra Chartrand, *A Bid to Overcome Patent Backlogs*, 152 N.Y. Times C2 (Sept. 23, 2002).

⁷ E.g., if the Examiner rejected a claim under §103 with two references, although not directly stated, it is the Examiner's implied position that the references are analogous art.

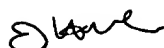
⁸ See also MPEP §714.02, 37 CFR §1.111(b), and 37 CFR §1.104(c)(3).

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jennifer I. Harle whose telephone number is 703.306.2906. The examiner can normally be reached on Monday through Thursday, 6:30 am to 5:00 pm,.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Olszewski can be reached on 703.308.5183. The fax phone number for the organization where this application or proceeding is assigned is 703.872.9326.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703.308.1113.


Jennifer Ione Harle
December 7, 2003